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President Roh Tae-woo arrives in Beijing tomorrow for a four-day state visit. Coming shortly after last month's establishment of PRC-ROK diplomatic relations, the visit will focus heavily on economic cooperation, with several bilateral trade and investment agreements set for signature. Roh's visit will be highly symbolic for both nations. Beijing views it as a major setback for Taiwan's "flexible diplomacy" and a boost for Dengist reformers going into the party congress next month; Seoul believes it will further its efforts to moderate North Korean behavior and enhance the ROK's position in East Asia. Normalization and trade agreements will facilitate a rapidly growing bilateral trade expected to double this year to \$10 billion.

(CONFIDENTIAL)

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